

**LEWIS
AND
ROCA
LLP
LAWYERS**

3993 Howard Hughes Parkway, Suite 600
Las Vegas, NV 89169-5996
Facsimile (702) 949-8321
Telephone (702) 949-8320

Susan M. Freeman AZ State Bar No. 004199
Email: sfreeman@lrlaw.com
Rob Charles NV State Bar No. 006593
Email: rcharles@lrlaw.com
John Hinderaker AZ State Bar No. 018024
Email: jhinderaker@lrlaw.com

Attorneys for USACM Liquidating Trust

ORRICK, HERRINGTON & SUTCLIFFE LLP
MARC A. LEVINSON (CA 57613, pro hac vice)
JEFFERY D. HERMANN (CA 90445, pro hac vice)
400 Capitol Mall
Sacramento, California 95814
Telephone: (916) 447-9200
Facsimile: (916) 329-4900
Email: malevinson@orrick.com
jhermann@orrick.com

Attorneys for Post-Effective Date USA Capital Diversified Trust Deed Fund, LLC

SNELL & WILMER, LLP
ROBERT R. KINAS (NV 006019)
CLAIRE DOSSIER (NV 010030)
3883 Howard Hughes Parkway, Suite 1100
Las Vegas, Nevada 89169
Telephone: (702) 784-5200
Facsimile: (702) 784-5252
Email: rkinas@swlaw.com
cdossier@swlaw.com

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE COMPANY.

USA CAPITAL REALTY ADVISORS, LLC.¹

**USA CAPITAL DIVERSIFIED TRUST
DEED FUND, LLC.**

**USA CAPITAL FIRST TRUST DEED
FUND LLC²**

USA SECURITIES, LLC,³

Debtors

Affects:

- All Debtors
 - USA Commercial Mortgage Company
 - USA Capital Realty Advisors, LLC
 - USA Capital Diversified Trust Deed Fund, LLC
 - USA Capital First Trust Deed Fund, LLC
 - USA Securities, LLC

Case No. BK-S-06-10725-LBR¹
Case No. BK-S-06-10726-LBR¹
Case No. BK-S-06-10727-LBR²
Case No. BK-S-06-10728-LBR²
Case No. BK-S-06-10729-LBR³

CHAPTER 11

Jointly Administered Under Case No.
BK-S-06-10725 LBR

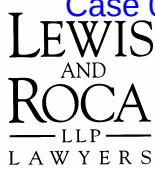
**Objection of USACM Trust to Proof of
Claim of William H. Lenhart Living
Trust Filed in Wrong Debtor's Case;
Objection of DTDF to Proposed
Allowance of Claim (with Certificate of
Service)**

Date of Hearing: February 3, 2009
Time of Hearing: 9:30 a.m.

¹ This bankruptcy case was closed on September 23, 2008.

² This bankruptcy case was closed on October 12, 2007.

³ This bankruptcy case was closed on December 21, 2007.



1 William H. Lenhart Living Trust ("Lenhart") filed Proof of Claim No. 10725-
2 01572 against USA commercial Mortgage Company ("USACM") in the amount of
3 \$243,794.27. The USACM Liquidating Trust (the "USACM Trust") objects to the
4 Lenhart claim and moves this Court, pursuant to § 502 of title 11 of the United States
5 Bankruptcy Code (the "Bankruptcy Code") and Rule 3007 of the Federal Rules of
6 Bankruptcy Procedure (the "Bankruptcy Rules"), for an order disallowing Proof of Claim
7 No. 10725-01572 filed by Lenhart on the ground it is filed in the wrong debtor case.
8

9 **I. JURISDICTION**

10 The Court has jurisdiction over this Objection pursuant to 28 U.S.C. §§ 1334 and
11 157. Venue is appropriate under 28 U.S.C. §§ 1408 and 1409. This matter is a core
12 proceeding under 28 U.S.C. § 502 and Bankruptcy Rule 3007.

13 The statutory predicate for the relief requested herein are 11 U.S.C. § 502 and
14 Bankruptcy Rule 3007.

15 **II. BACKGROUND**

16 On April 13, 2006 ("Petition Date"), USACM, USA Securities, LLC ("USA
17 Securities"), USA Capital Realty Advisors, LLC ("USA Realty"), USA Capital
18 Diversified Trust Deed Fund, LLC ("DTDF"), USA Capital First Trust Deed Fund, LLC
19 ("FTDF," together with DTDF, the "Funds") (collectively, the "Debtors"), filed voluntary
20 petitions for relief under chapter 11 of the Bankruptcy Code. Debtors continued to operate
21 their businesses, if any, as debtors-in-possession pursuant to sections 1107(a) and 1108 of
22 the Bankruptcy Code. Debtors' post-petition management of the Debtors was under the
23 direction of Thomas J. Allison of Mesirow Financial Interim Management, LLC
24 ("Mesirow"), who served as the Chief Restructuring Officer.

25 USACM is a Nevada corporation that, prior to the Petition Date, was in the
26 business of underwriting, originating, brokering, funding and servicing commercial loans
primarily secured by real estate, both on behalf of investors and for its own account.



1 On September 14, 2006, the Court entered its Order Setting Deadline to File Proofs
2 of Claim and Proofs of Interest (the "Bar Date Order") [Docket No. 1280]. The Bar Date
3 Order established 5:00 p.m., prevailing Pacific Time, on November 13, 2006, as the
4 deadline ("Bar Date") for creditors to file proof of claims

5 On September 25, 2006, the Debtors served a copy of the Bar Date Order on their
6 service lists [Docket No. 1358]. All Direct Lenders were served with a copy of the Bar
7 Date order as well [Docket No. 1358].

8 On November 6, 2006, a stipulation was filed and an order entered extending the
9 Bar Date for Direct Lenders only to file proofs of claim until January 13, 2007 [Docket
10 No. 1729].

11 On January 8, 2007, this Court entered its Order Confirming the "Debtors' Third
12 Amended Joint Chapter 11 Plan of Reorganization" [Docket No. 2376].

13 Debtors' Third Amended Chapter 11 Plan of Reorganization (the "Plan") [Docket
14 No. 1799] provides the following deadlines for objections to Claims:

15 a. for any and all Claims and Equity Interests to which the
16 General Bar Date applies, ninety (90) days after the Effective Date; (B) for
17 any and all Claims to which the Administrative Claims Bar Date or the
18 Professionals Administrative Bar Date applies, thirty (30) days after the
19 expiration of the respective Bar Date; and (C) for any and all Claims to
which the Bar Date applicable under section B.3 of Art. V of the Plan
applies, thirty (30) days after the expiration of that Bar Date.

20 USACM's claims and noticing agent received approximately 2,436 proofs of claim
21 as of the January 13, 2007 Bar Date, asserting claims totaling more than \$997,000,000,
22 plus unknown amounts based on unliquidated Claims.

23 Under the Plan, the USACM Trust is the successor to USACM with respect to
24 standing to seek allowance and disallowance of Claims.

25 The USACM Trust exists as of the Effective Date of the Plan, which was March 12,
26 2007. Geoffrey L. Berman is the Trustee.



III. APPLICABLE AUTHORITY

Under the Bankruptcy Code, any Claim for which a proof of claim has been filed will be allowed unless a party in interest objects. If a party in interest objects to the proof of claim, the Court, after notice and hearing, shall determine the amount of the Claim and shall allow the Claim except to the extent that the Claim is “unenforceable against the debtor . . . under any . . . applicable law for a reason other than because such claim is contingent or unmatured.” 11 U.S.C. § 502(b).

The USACM Trust is entitled to object to proofs of claim under 11 U.S.C. § 502(a). This objection is timely under the confirmed Plan, as the deadline for such objections has been extended to February 9, 2009, by this Court's orders.

A properly filed proof of claim is presumed valid under Bankruptcy Rule 3001(f). However, once an objection to the proof of claim controverts the presumption, the creditor ultimately bears the burden of persuasion as to the validity and amount of the claim. *See Ashford v. Consolidated Pioneer Mortg.* (*In re Consolidated Pioneer Mortg.*), 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995), *aff'd*, 91 F.3d 151 (9th Cir. 1996). The ultimate burden of proof as to the validity of a proof of claim “remains at all times upon the claimant.” *Lundell v. Anchor Constr. Specialists, Inc.* (*In re Lundell*), 223 F.3d 1035, 1039 (9th Cir. 2000).

IV. OBJECTION TO CLAIM

USACM Trust objects to this claim on the ground it is a claim that was incorrectly filed in the USA Commercial Mortgage Company (“USACM”) case. The basis for the claim is shown on the face of the proof of claim as an investment in USA Capital Diversified Trust Deed Fund (“DTDF”). Accordingly, it is a claim that was incorrectly filed in the USACM case. The USACM Trust respectfully requests that this claim be disallowed as a claim against USACM.



1 The USACM Liquidating Trust (“USACM Trust”), as successor to USACM
 2 entered into a settlement with USA Capital Diversified Trust Deed Fund, LLC. On April
 3 1, 2008, the Order Granting Motion to Approve Settlement Agreement with USA Capital
 4 Diversified Trust Deed Fund, LLC [DE 6091] was signed by this Court. Because DTDF
 5 was granted a \$128 million unsecured claim in the USACM Estate, any claim held by
 6 Lenhart against USACM solely on account of the investment in DTDF is derivative of
 7 DTDF’s claims against USACM, and Lenhart may not prosecute such claims on Lenhart’s
 8 own behalf.

9 In *In re Van Dresser Corp.*, plaintiff was a shareholder of Van Dresser, which
 10 owned two subsidiaries.⁴ The president of Van Dresser looted the subsidiaries, ultimately
 11 forcing them and Van Dresser into bankruptcy. The plaintiff had guaranteed \$1.125
 12 million in loans to the debtor, and had to repay them when debtor defaulted. Plaintiff then
 13 sued the debtor’s principal, and two other defendants (who he alleged aided and abetted
 14 the corporate looting) for various torts, including conversion, breach of fiduciary duty, and
 15 civil conspiracy.

16 The court stated that a debtor’s trustee has the exclusive right to assert a debtor’s
 17 claims, and that a claim belongs solely to the debtor’s estate if the debtor could have raised
 18 the claim at the commencement of the bankruptcy case.⁵ Additionally, if a judgment
 19 against a defendant by either the debtor or another party asserting the debtor’s claim
 20 precludes the other from recovery, then the claims are not independent of each other and
 21 belong exclusively to the debtor.⁶

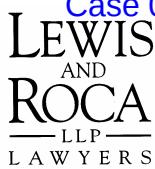
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⁴ *In re Van Dresser Corp.*, 128 F.3d 945 (6th Cir. 1997).

24

⁵ *Id.* at 947 (citing *In re Educators Group Health Trust*, 25 F.3d 1281, 1284 (5th Cir.
 25 1994); see also *In re Real Marketing Services, LLC*, 309 B.R. 783 (S.D. Cal. 2004) (citing
 26 *Van Dresser* with approval in a case involving an LLC debtor).

⁶ *Id.*



1 Thus, because both the plaintiff and the debtor corporation could state claims for
 2 damages against the defendants, but only one could recover on those claims, by default the
 3 claims were exclusively property of the Van Dresser trustees.⁷ In order for a plaintiff to
 4 bring a claim, either the trustee must have truly abandoned the claim, or the plaintiff must
 5 be able to allege a distinct and specific injury.⁸

6 Similarly, in *In re Real Marketing*, the debtor had attempted to enter into an asset
 7 purchase agreement that specifically included the assumption of debt owed to the debtor's
 8 managing member. The agreement fell through, and after the managing member filed an
 9 involuntary petition for relief against the debtor, the managing member asserted various
 10 causes of action against the purchasing company, including contract claims, debt
 11 assumption claims, misrepresentation claims, and interference claims.⁹ The court,
 12 however, found that all of the claims involved both the debtor's managing member and the
 13 debtor itself, and thus the right to pursue all of the causes of action resided with the
 14 trustee.¹⁰

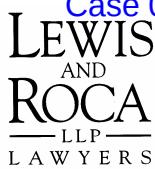
15 DTDF further objects to any allowance of Lenhart's claim as a claim against the
 16 DTDF estate. DTDF has determined that Lenhart has an allowed proof of interest in the
 17 DTDF case in the amount of \$167,649.51. This objection does not seek to prejudice the
 18 rights of Lenhart as a DTDF member to recover from the DTDF estate on a pro rata basis
 19 on account of Lenhart's membership interest in the amount of \$167,649.51. Lenhart shall

21 ⁷ *Id.* at 948.

22 ⁸ *Id.* at 949 (for example, a claim for the attorneys' fees plaintiff incurred defending the
 23 suits on the guaranty).

24 ⁹ *In re Real Marketing*, 309 B.R. 783, 786-87 (S.D. Cal. 2004).

25 ¹⁰ See also *In re Ionosphere Clubs, Inc.*, 156 B.R. 414 (S.D.N.Y. 1993) (courts determine
 26 whether action is individual or derivative based on state law, and the preferred
 shareholders breach of fiduciary duty claims were derivative per Delaware law); *In re Van
 Dresser*, 128 F.3d at 947 ("whether a creditor has sole right to a cause of action is
 determined in accordance with state law").



1 retain an interest in DTDF in the amount of \$167,649.51, as reflected in the books and
 2 records of DTDF, and Lenhart is entitled to receive distributions on a pro rata basis with
 3 all other DTDF members.

4 **V. CONCLUSION**

5 Accordingly, the USACM Trust and DTDF, pursuant to Bankruptcy Code section
 6 502, Federal Rule of Bankruptcy Procedure 3007, and Local Rule of Bankruptcy Practice
 7 3007, seek entry of an order that will disallow Lenhart's claim against USACM, disallow
 8 any proposed allowance of the Lenhart's claim in the DTDF case, and appropriately allow
 9 Lenhart to retain an equity interest in DTDF in the amount of \$167,649.51 as reflected in
 10 the books and records of DTDF as of April 13, 2006.

11 DATED: January 2, 2009.

12 **SNELL & WILMER, LLP**

13 By s/Claire Dossier
 14 Robert R. Kinas
 Claire Dossier
 15 3883 Howard Hughes Parkway, Suite 1100
 Las Vegas, Nevada 89169
 16 Telephone (702) 784-5200
 Facsimile (702) 784-5252

17 and

18 **ORRICK, HERRINGTON &**
SUTCLIFFE LLP

19 Marc A. Levinson
 Jeffery D. Hermann
 20 400 Capitol Mall, Suite 3000
 Sacramento, California 95814-4497
 21 *Attorneys for Post-Effective Date USA*
Capital Diversified Trust Deed Fund, LLC

22 **LEWIS AND ROCA LLP**

23 By /s/ JCH (pro hac vice)
 Susan M. Freeman, AZ 4199 (*pro hac vice*)
 Rob Charles, NV 6593
 John C. Hinderaker, AZ 18024 (*pro hac*
vice)
 24 3993 Howard Hughes Parkway, Suite 600
 Las Vegas, Nevada 89169
 Telephone: (702) 949-8320
 Facsimile: (702) 949-8321
 E-mail: rcharles@lrlaw.com
Attorneys for USACM Liquidating Trust



1 PROOF OF SERVICE

2 Copy of the foregoing mailed by First
3 Class, U.S. Mail, postage prepaid, on
January 2, 2009 to the following parties:4 William H. Lenhart Living Trust
5 c/o William H. Lenhart Trustee
1209 Wilshire St.
6 Las Vegas, NV 891467 LEWIS AND ROCA LLP
89 /s/ Yvonne Garcia
10 Yvonne Garcia
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